	<b>Notice of Request for Information</b>		<b>AHCCCS</b> <b>Arizona Health Care Cost Containment</b> <b>System</b> <b>701 East Jefferson, MD 5700</b> <b>Phoenix, Arizona 85034</b>
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**Request For Information (RFI) Contact Person:**

Jamey Schultz  
 Contracts and Purchasing Section  
 701 E. Jefferson, MD5700  
 Phoenix, Arizona 85034

Telephone: (602) 417-4629  
 Telefax: (602) 417-5957  
 E-Mail: Jamey.Schultz@azahcccs.gov  
 Issue Date: April 13, 2007

**LOCATION:** **ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM ADMINISTRATION (AHCCCS)**  
 Contracts and Purchasing Section (First Floor)  
 701 E. Jefferson, MD5700  
 Phoenix, Arizona 85034

DESCRIPTION: **PRIVATIZATION OF ARIZONA MEDICAID ELIGIBILITY SERVICE**

**INFORMATION DUE**                      **MAY 15, 2007**                      **AT 3:00 P.M. MST**  
**DATE:** \_\_\_\_\_

**QUESTIONS CONCERNING THIS REQUEST FOR INFORMATION (RFI)  
 SHALL BE FORWARDED TO THE RFI CONTACT PERSON, AS NAMED  
 ABOVE, EITHER VIA TELEFAX OF E-MAIL (PREFERRED).  
 TELEPHONIC QUESTIONS SHALL NOT BE ACCEPTED.**


Responses must be in the actual possession of AHCCCS on or prior to the time and date and at the location indicated above.

Responses must be submitted in a sealed envelope or package with the Request number and the respondent's name and address clearly indicated on the envelope or package. All responses must be completed in ink. Additional instructions for preparing a response are included in this request.

Respondents must realize that no Contract will result from your response to this request. Responding to this RFI will not prohibit the respondents from responding to any procurements.

Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the appropriate Procurement Agency. Requests should be made as early as possible to allow time to arrange the accommodation. A person requiring special accommodations may contact the person responsible for this request as identified above.

**RESPONDENTS ARE STRONGLY ENCOURAGED TO CAREFULLY READ THE ENTIRE RFI.**

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## 1.0 Overview

### 1.1 Purpose


The purpose of this Request for Information (RFI) is to gather community and vendor comments and interest concerning the feasibility of competitively procuring a private vendor to process Medicaid eligibility applications and renewals currently managed by the Department of Economic Security (DES), Family Assistance Administration, for the Arizona Health Care Cost Containment System (AHCCCS) Title XIX program. Federal law mandates that final determination of Medicaid eligibility continue to be the responsibility of a state merit employee. This RFI excludes the eligibility determination process for KidsCare (State Children's Health Insurance Program - SCHIP), Health Insurance Flexibility and Accountability (HIFA) parents, the Arizona Long Term Care System (ALTCS), Supplemental Security Income Medical Assistance Only (SSI MAO) and Medicare Savings Programs, which are managed by the AHCCCS Administration.

### 1.2 Introduction

The Medicaid program (Title XIX of the Social Security Act) is a state and federal partnership that uses a blend of federal and state matching monies to fund the provision of health care services to low-income individuals and families. Under federal law, states are required to cover certain groups of individuals (e.g., children age 6 and older below 100% of federal poverty guidelines, elderly, and disabled Social Security Income [SSI] beneficiaries). States may also elect to cover other optional groups of low-income individuals (e.g., pregnant women above 133% of the federal poverty guidelines or the medically needy) under their Medicaid state plan or through federal waiver options such as home and community based waivers. In order to be determined eligible for Medicaid, individuals must submit an application and meet certain federal and state eligibility requirements. These requirements may include citizenship or residency status, age, pregnancy, disability, income and resources. The requirements for determining Medicaid eligibility vary from state to state.

The AHCCCS Administration is the state agency responsible for administering Arizona's Medicaid program. The AHCCCS program operates under a federal Medicaid Section 1115 research and demonstration waiver, delivering services to enrolled members through prepaid capitated health plans. An overview of the program can be found in the *2005 AHCCCS Overview*, on the AHCCCS web site at: <http://www.ahcccs.state.az.us/publications/overview/2005/contents.asp>.


Specific information about the eligibility requirements for the AHCCCS program can be found at <http://www.ahcccs.state.az.us/Publications/Reference/IncomeLimits/EligibilityRequirements.pdf>. Responsibility for determining Medicaid eligibility is divided between DES and the AHCCCS Administration. The DES Family Assistance Administration determines eligibility under Section 1931 of the Social Security Act and under the Sixth Omnibus Reconciliation Act (SOBRA). The AHCCCS Administration determines eligibility for SSI MAO, Medicare Savings Programs, KidsCare and ALTCS. The federal Social Security Administration determines SSI eligibility.

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### 1.3 Background

- 1.3.1 Legislation: As a result of legislation that was passed last year in Arizona (Laws 2006, Chapter 331, Section 29), the AHCCCS Administration is considering issuing a Request for Proposal for a private vendor to process Medicaid eligibility applications and renewals that are currently processed by DES. The legislation states that “the request for proposals shall focus on how the privatization process would save the state money compared to its current system of eligibility determination and redetermination.” The AHCCCS Administration is planning to issue a separate Request for Proposal for a private vendor to process Title XXI (KidsCare and HIFA parents) eligibility applications and renewals in the Spring of 2007.
- 1.3.2 Current Medicaid Eligibility Services Performed by DES: The AHCCCS Administration has an intergovernmental agreement with the DES Family Assistance Administration to provide Medicaid eligibility services. (Please see Attachment A for appropriation allocations passed through to DES, and annual caseload and workload information.) Under this agreement, DES performs initial eligibility determinations for applicants of Medicaid only, as well as conducts the Medicaid portion of joint applications, which may include one or more of Cash Assistance, Food Stamps, and General Assistance. DES determines Medicaid eligibility for the following eligibility categories: AHCCCS Care, Deemed Newborn, Section 1931, Federal Emergency Services, Medical Expense Deduction, SOBRA women and children, and Transitional Medical Assistance. Other major eligibility services performed by DES include: 1) conducting periodic renewals of Medicaid eligibility, 2) processing any changes in a member’s circumstances that may affect eligibility, 3) notifying individuals of approvals, denials or adverse actions, 4) exchanging eligibility data with the AHCCCS Administration, 5) conducting pre-hearing conferences and attending eligibility appeal hearings, 6) providing case files for quality control reviews, and 7) participating in development of Medicaid policies and procedures.
- 1.3.3 Description of Medicaid Eligibility Process: Medicaid applications may be initiated at DES eligibility offices located throughout the State, at community organizations (e.g., hospitals, approved medical provider offices, federally qualified health centers, regional behavioral health authorities), or at other governmental offices such as the AHCCCS KidsCare office or Social Security Administration offices. A copy of the general AHCCCS eligibility application is available at:  
<http://www.ahcccs.state.az.us/Publications/Forms/Member/UniversalApp/ApplicationforAHCCCSHealthInsurance.pdf>, and a copy of the DES joint application is available at:  
<http://www.de.state.az.us/faa/appcenter.asp>.

The DES eligibility offices receive applications by mail, fax, via the Internet, or from applicants who personally drop off their applications. Once a completed application is received, DES schedules an interview with the applicant (interviews are not required under some circumstances: if the information is received from the AHCCCS Administration, a behavioral health agency or electronically). The interviews are generally conducted in a local DES office, but may also be conducted in the applicant’s home, by telephone, or in a hospital.

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DES verifies certain information on the eligibility application and notifies all applicants of approval or denial. The records for applicants who are denied Medicaid eligibility, but may be potentially Title XXI eligible for KidsCare or HIFA parents, are sent electronically to the AHCCCS Administration through the Technical Interface Process System. DES is required to make a decision on the eligibility of the Medicaid applicant within forty-five (45) days of receipt of application, with few exceptions. These exceptions include pregnant applicants, whose eligibility status must be decided within twenty (20) days, and hospitalized applicants, whose eligibility status must be determined within seven (7) days. DES is also required to meet or exceed established standards of accuracy in the determination of eligibility for Medicaid benefits or be subject to corrective action plans and potential sanctions.

DES conducts Medicaid eligibility renewals utilizing a similar process as described above for the initial application process. All Medicaid recipients must have their Medicaid eligibility recertified no less than once every twelve (12) months. Several Medicaid eligibility categories require the renewal to occur more frequently. These include Transitional Medical, Medical Spend Down, and Cash Assistance related cases, for which the renewals occurs no less than every six (6) months, and Pregnant Women for which the renewal occurs after the postpartum period.

DES receives, reviews, and updates any changes in eligibility status that are received from members, or from other sources such as the AHCCCS health plans. Changes reported most frequently include address changes and related cost of living adjustments, changes in income, and changes in medical expenses. DES determines the affect of a reported change on the member's eligibility status and discontinues eligibility if appropriate.


DES maintains information on individuals who are or were receiving Medicaid, Cash Assistance, General Assistance, or Food Stamps utilizing a DES database referred to as Arizona's Technical Eligibility Computer System. Eligibility decisions and changes are transferred daily to the AHCCCS Prepaid Medicaid Management Information System, which maintains information on individuals who are or were receiving AHCCCS benefits.

For more detailed information about Medicaid eligibility criteria and the DES eligibility process, see Arizona Administrative Code (ACC) Title 9, Chapter 22, Article 14: *AHCCCS Medical Coverage for Families and Individuals*.

## 2.0 Information Requested

### 2.1 RFI Response

Assuming the AHCCCS Administration pursues a competitive Request for Proposal for the procurement of administrative services for the processing of Medicaid eligibility applications and renewals, and based on the information provided in this RFI, please provide responses to the following questions:

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- 2.1.1 States have had varying degrees of success in contracting with private vendors to perform eligibility determination functions for state Medicaid programs. To ensure a successful Request for Proposal, it is important that the AHCCCS Administration utilizes the lessons learned from these other states who have undertaken similar endeavors.

**Question:** Describe your experience in successfully implementing and conducting Medicaid eligibility in other states. This description should include the following information: name of the state or states in which you are working or have worked and the period of time the work was performed, the types of services performed for the state, the number of Full Time Equivalents devoted to providing the services, average annual revenue received for providing these services, and the average number of applications and renewals processed on a monthly basis.


In addition: What were the most important elements for successful implementation and ongoing operation and what were the most significant difficulties encountered? What strategies did you employ to overcome any challenges or barriers that were encountered?

- 2.1.2 As reflected in the legislation, one of the key reasons for consideration being given to privatizing Medicaid eligibility at this time is to save the State money. At the same time, the State wants to ensure that an effective and efficient eligibility system is put in place that provides excellent customer service and results in accurate and timely determinations.

**Question:** Describe the eligibility determination model you would recommend using in Arizona that would ensure the highest quality of customer service and accurate and timely determinations at the lowest cost? In describing the model, please identify 1) changes in operational processes or eligibility policy that you would recommend be implemented and explain why, and 2) components of the model that will allow the performance of this function to provide equal or superior service to clients and reduce costs.

- 2.1.3 One of the challenges in designing any Medicaid eligibility system is avoiding unnecessary duplication and/or service gaps. For example, an individual should not be required to fill out separate program applications (e.g., KidsCare, Medicaid, Food Stamps) and have each program independently verify the same information (e.g., individual's income).

**Question:** What processes could be implemented to ensure the avoidance of unnecessary duplication of services or service gaps? In particular, how can duplication of effort be minimized between the private vendor staff conducting Medicaid eligibility, and DES staff who conduct eligibility for Food Stamps, Cash Assistance and General Assistance and AHCCCS staff who conduct Title XXI (KidsCare and HIFA parent) eligibility?

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- 2.1.4 DES receives two types of Medicaid applications: One type is for applicants who are only applying for Medicaid and the other type is for individuals who are applying for Medicaid and Cash Assistance, Food Stamps, or General Assistance.

**Question:** Do you believe it would be beneficial for the AHCCCS Administration to distinguish between these two types of application groups in designing the Request for Proposal requirements? If so, why and how should the Request for Proposal requirements differ between the two groups? Would you have an interest in processing eligibility applications and renewals for only one of these groups, and if so, which group and why?

- 2.1.5 Eligibility data must be electronically transmitted from DES to the AHCCCS Administration. In addition, many AHCCCS applicants or recipients are also eligible for Food Stamps, Cash Assistance, or General Assistance. Ensuring system compatibility between the AHCCCS Administration, DES, and the private vendor will be vital to providing seamless customer service and the accurate and timely creation of eligibility status records.


**Question:** What type of system would you as the private vendor advocate using (e.g., your own, the State's), and what type of interfaces will ensure the successful transmission of information between the private vendor and DES/AHCCCS? In addition, drawing upon your previous experience and knowledge, provide an estimate of the length of time required to design, test, and implement these systems, and a projection of the cost to Arizona for the development and ongoing maintenance of the systems and interfaces. Finally, what strategies would you use to overcome any technological obstacles encountered in performing the necessary eligibility determination duties?

- 2.1.6 Federal law requires a merit status state employee to make the final eligibility determination for Medicaid.

**Question:** How would you work with DES and AHCCCS employees to ensure that this requirement is met in an efficient and effective manner?

- 2.1.7 Timely and accurate determinations of Medicaid eligibility are critical to the individuals seeking health care services under the AHCCCS program with performance standards being prescribed at the federal and State level.

**Question:** What type of quality assurance and process improvement program would you implement to ensure that all individuals receive Medicaid eligibility determinations with the highest probability of accuracy while adhering to the specific timeliness requirements? What additional contract performance standards do you recommend that the AHCCCS Administration consider including in a Request for Proposal in the area of customer service,

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processing of eligibility applications and renewals, complaints and appeals, and financial management?


- 2.1.8 The continuation and development of community partnerships is considered by the AHCCCS Administration to be a critical component in the success provision of Medicaid eligibility determination services. For example, DES eligibility workers are out-stationed in all major hospitals throughout Arizona, federally qualified health centers participate in the Health-e Arizona Application program (a web-based Title XIX/XXI application process used by community organizations) and certain providers facilitate the eligibility process for pregnant women through their participation in the Baby Arizona program (expedited process which includes completing the Medicaid application during the first prenatal visit).

**Question:** How can the AHCCCS Administration in a Request for Proposal best ensure that a private vendor would effectively maintain these local community partnerships and at the same time develop new partnerships that maximize the use of new and existing community resources?

- 2.1.9 **Question:** Provide any additional information that you feel may be beneficial to the AHCCCS Administration in developing this Request for Proposal.

## **2.2 How to Respond**

- 2.2.1 Submit one (1) original and four (4) hard copies of not more than twenty (20) written pages and two (2) electronic copies (Microsoft Word document preferred). Please include the Company name, address and telephone number. In addition, provide the name, title, telephone number and e-mail address of your organization's designated contact person for questions or clarification of your response.
- 2.2.2 Please submit your response no later than **3:00 p.m., (M.S.T), Tuesday, May 15, 2007.**

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2.2.3 Send or deliver the response to:

**Arizona Health Care Cost Containment System (AHCCCS)**

Contracts and Purchasing, Mail Drop 5700

ATTN: Jamey Schultz

701 East Jefferson Street


Phoenix, Arizona 85034

Phone: 602-417-4629

E-mail: Jamey.Schultz@azahcccs.gov

- 2.2.4 **Confidential Information:** If a respondent believes that portions of its RFI response should remain confidential, the respondent shall clearly identify those portions of its response they wish to maintain as confidential and include a statement detailing the reasons why the information should not be disclosed. Such reasons shall describe the specific harm or prejudice that may arise. AHCCCS contracts personnel shall determine whether the identified information should remain confidential.
- 2.2.5 **Reimbursement:** The AHCCCS Administration will not reimburse any respondent for the cost of preparing and submitting a response to this RFI.



 <b>AHCCCS</b>	<b>Attachment A: SELECT DES MEDICAID DATA</b>		<b>AHCCCS</b>  <b>Arizona Health Care Cost Containment System</b>  <b>701 East Jefferson, MD 5700</b>  <b>Phoenix, Arizona 85034</b>
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The following tables contain select relevant pieces of information regarding initial Medicaid eligibility determination and eligibility redetermination conducted by DES. This information is delineated in cases, where a case represents a family unit applying for services.

**Initial Applications Received (cases)**

FY 2006	466,134
FY 2005	450,483

**Applications by Type (cases for fiscal year 2006)**

Medical Assistance Only	251,530
Medicaid with at least one other program	214,604

**Redetermination Interviews Conducted**

FY 2006	350,207
FY 2005	284,193

**Client Changes Processed**

FY 2006	2,076,353
FY 2005	2,122,206

**State Appropriation by Year for Medicaid Eligibility**

	FY 2005	FY 2006	FY 2007
MAO			
State Funds	\$ 21,245,400	\$ 22,441,700	\$ 27,657,600
TXIX	24,098,300	25,000,400	30,330,200
MAO Total	\$ 45,343,700	\$ 47,442,100	\$ 57,987,800
Prop 204			
State Funds	\$ 13,416,300	\$ 17,726,700	\$ 21,405,900
BNCF*	5,566,700	2,395,400	2,531,900
TXIX	13,663,800	14,283,400	17,933,800
Prop 204 Total	32,646,800	34,405,500	41,871,600
<b>Grand Total</b>	<b>\$ 77,990,500</b>	<b>\$ 81,847,600</b>	<b>\$ 99,859,400</b>

\*Budget Neutrality Compliance Fund